
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sany Heavy Equipment International Holdings Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

**(1) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME;
(2) PROPOSED AMENDMENTS TO THE 2019 SHARE AWARD SCHEME;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless otherwise specified.

A notice convening the EGM to be held at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC at 10:00 a.m. on Friday, 11 August 2023 is set out on pages EGM-1 to EGM-5 of this circular and a form of proxy for the EGM is despatched together with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours (i.e. 10:00 a.m. on Wednesday, 9 August 2023) before the time appointed for the holding of the EGM or any adjournment meeting (as the case may be). The completion of a form of proxy will not preclude Shareholders from attending and voting at the EGM in person should they so wish, and in such case, the instrument appointing a proxy shall be deemed to be revoked.

25 July 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — PRINCIPAL TERMS OF THE 2023 SHARE OPTION SCHEME	19
APPENDIX II — AMENDMENTS TO THE 2019 SHARE AWARD SCHEME	32
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“2019 Share Award Scheme”	the Company’s restricted share award scheme adopted on 3 December 2019, which is subject to the Shareholders’ approval of the Award Scheme Amendments at the EGM
“2023 Share Option Scheme”	the Company’s share option scheme proposed to be approved and adopted by the Shareholders, the principal terms of which are set out in Appendix I to this circular
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the Award Scheme Amendments (as the case may be) is approved and adopted by ordinary resolutions to be passed by the Shareholders at the EGM
“Amended Rules”	the amendments to Chapter 17 of the Listing Rules, which has taken effect since 1 January 2023
“Announcement”	the announcement of the Company dated 29 June 2023 in relation to the proposed adoption of the 2023 Share Option Scheme and the Award Scheme Amendments
“Articles of Association” or “Articles”	the articles of association of the Company currently in force
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award”	an award of Grant Shares to a Grantee pursuant to the 2019 Share Award Scheme (as amended by the Award Scheme Amendments), on such terms and conditions as the Board may from time to time determine
“Award Scheme Amendments”	the proposed amendments to the 2019 Share Award Scheme, as set out in Appendix II to this circular
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“chief executive”	has the meaning ascribed to it in the Listing Rules
“clawback”	any mechanism (if any, in the sole discretion of the Board and where appropriate) to recover or withhold the remuneration, which may include any Award(s) or Option(s) granted
“close associate(s)”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Company”	Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated with limited liability on 23 July 2009 under the laws of the Cayman Islands and the Shares of which are listed on the Stock Exchange (stock code: 631)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultation Conclusions”	consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the adoption of the 2023 Share Option Scheme and the Award Scheme Amendments
“Eligible Participants”	any person who is eligible to receive an Award or an Option under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) or the 2023 Share Option Scheme (as the case may be), who could be (i) an Employee Participant; (ii) a Related Entity Participant; or (iii) a Service Provider
“Employee Participant”	any director or employee (whether full time or part time, but explicitly excludes any former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of the Company or any of its subsidiaries (and including persons who are granted award(s) or options(s) under the share schemes as an inducement to enter into employment contracts with these companies)
“Excluded Participant”	any Eligible Participant who is resident in a place where the grant, acceptance or exercise of the Options or the grant of the Awards and/or the vesting and transfer of the Grant Shares pursuant to the terms of the applicable share scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual

DEFINITIONS

“Expired Share Option Scheme”	the share option scheme of the Company adopted on 16 February 2013, the principal terms of which are set out in the circular of the Company dated 28 January 2013, and expired on 15 February 2023
“Grant”	a grant of an Award or an Option (as the case may be)
“Grant Shares”	such number of new Shares as awarded pursuant to the Award or as granted upon the exercise of an Option (as the case may be) to a Grantee, to be determined by the Board
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) or the 2023 Share Option Scheme (as the case may be)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than any controlling shareholders and their associates
“Individual Limit”	a limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to any Grantee in the 12-month period up to and including the date of relevant Offer, which must not exceed 1% of the issued Shares
“INED(s)”	independent non-executive Director(s)
“Latest Practicable Date”	18 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer”	an offer for the grant of an Award or an Option (as the case may be)
“Offer Date”	the date, which must be a Business Day, on which a Grant of Award(s) or Option(s) (as the case may be) is made to an Eligible Participant

DEFINITIONS

“Option”	a right granted to a Grantee pursuant to the 2023 Share Option Scheme, which right permits (but does not obligate) such Grantee to subscribe for Grant Shares, on such terms and conditions as the Board may from time to time determine
“Option Period”	the period within which an Option may be exercised by the Grantee under the 2023 Share Option Scheme
“PRC”	the People’s Republic of China
“principal subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Related Entity Participants”	any director or employee (whether full time or part time but excludes any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company
“Remuneration Committee”	the remuneration committee of the Board
“Scheme Mandate Limit”	a limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s), which must not exceed 10% of the issued Shares as at the date of approval of this limit by the Shareholders at a general meeting
“Service Provider”	any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (where the continuity and frequency of their services are akin to those of employees of the Group), and provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional service providers, such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category
“Service Provider Sublimit”	a sublimit (which is subject to the Scheme Mandate Limit) on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to the Service Providers, which must not exceed 1% of the issued Shares as at the date of approval of this sublimit by the Shareholders at a general meeting

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“share scheme”	a share award scheme or a share option scheme involving issue of new shares by the Company or its principal subsidiaries (as the case may be)
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	with respect to a particular Share Option, the price per Share at which the relevant Grantee may subscribe for the Shares on the exercise of the particular Share Option
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Termination Date”	close of the business day on which falls on the date immediately prior to the tenth anniversary of the Adoption Date
“Trustee”	means Computershare Hong Kong Trustees Limited, the appointed trustee, or any additional or replacement trustees, of the 2019 Share Award Scheme
“%”	per cent.



**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

Executive Directors:

Mr. Liang Zaizhong (*Chairman*)

Mr. Qi Jian

Mr. Fu Weizhong

Registered Office:

Cricket Square Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Directors:

Mr. Tang Xiuguo

Mr. Xiang Wenbo

Principal Place of Business in Hong Kong:

Room 2010, 20th Floor, Landmark North

No. 39 of Lung Sum Avenue

Sheung Shui

N.T. Hong Kong

Independent Non-executive Directors:

Mr. Ng Yuk Keung

Mr. Poon Chiu Kwok

Mr. Hu Jiquan

25 July 2023

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME;
(2) PROPOSED AMENDMENTS TO THE 2019 SHARE AWARD SCHEME;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The Company adopted the Expired Share Option Scheme and the 2019 Share Award Scheme on 16 February 2013 and 3 December 2019 respectively in order to provide incentives to selected participants and reward them of their past contributions to the Group. In view of the expiry of the Expired Share Option Scheme on 15 February 2023 and the new requirements of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Board is pleased to announce that on 29 June 2023, the Company

LETTER FROM THE BOARD

proposed to (i) adopt the 2023 Share Option Scheme; and (ii) adopt the Award Scheme Amendments to amend the 2019 Share Award Scheme to bring it in line with the Amended Rules.

The purpose of adopting the 2023 Share Option Scheme and the Award Scheme Amendments to amend the 2019 Share Award Scheme is to enable the Company to recruit and retain high-calibre employees who are valuable to the Group and to provide the Company with a means of motivating them by way of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group.

The Board also considers that it would be beneficial to include Related Entity Participants and Service Providers as Eligible Participants since a sustainable and stable relationship with them is essential to the business development of the Group.

Related Entity Participants are valuable human resources to the Group. Therefore, recognising the contributions of Related Entity Participants to the Group and remunerating them with equity incentives may in turn strengthen their collaborative and ties with the Group which would be in the interest of the Company and the Shareholders, despite that they may not in some cases be directly appointed or employed by the members of the Group.

The Board considers that it would be beneficial and in the interest of the Company and the Shareholders to recognise contributions of Service Providers and foster ongoing business relationships. As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group had 6,441 full-time employees as at 31 December 2022. The Group outsources recruitment of employees to an external third-party service provider who recruits for and on behalf of the Group according to the requirements of its internal human resources department, and the external human resources service provider provides services in many areas to assist the Group in human resources management on a continuing and recurring basis. Therefore, the external human resources service provider is akin to the Group's employees as they provide services to the Group on a continuing and recurring basis in the Group's ordinary and usual course of business.

As the Group is principally engaged in the manufacture and sale of mining equipment, logistics equipment, robotic and smart mined products and spare parts and the provision of related services in the PRC, the Group relies on a number of third party sales agents for sales of the Group's equipment and products on a regular, continuing and recurring basis to the Group's customers. Therefore, the third party sales agents play an important role in the Group's ordinary and usual course of business and the services provided by them are in the interests of the long term growth of the Group where the continuity and frequency of their services are akin to those of the Group's employees.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the principal terms of the 2023 Share Option Scheme; (ii) details of the Award Scheme Amendments; and (iii) other information as required under the Listing Rules together with the notice of the EGM, to enable you to make an informed decision on the resolutions at the EGM.

PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME

(1) Background

Expired Share Option Scheme

The Company adopted a share option scheme pursuant to the resolutions of the Shareholders passed on 16 February 2013 (the “**Expired Share Option Scheme**”). The Expired Share Option Scheme had a term of ten (10) years and expired on 15 February 2023. On 12 December 2017, the scheme mandate limit under the Expired Share Option Scheme was refreshed with a maximum number of 304,102,500 Shares, being approximately 10% of the Shares in issue as at 12 December 2017 and approximately 9.55% of the Shares in issue as at the Latest Practicable Date. No further share options can be granted under the Expired Share Option Scheme from the date of its expiration.

As at the Latest Practicable Date, there were 64,140,939 outstanding share options (to the extent not already exercised) (the “**Outstanding Share Options**”), which had been granted pursuant to the Expired Share Option Scheme, to subscribe for a total of 64,140,939 Shares. All Outstanding Share Options granted under the Expired Share Option Scheme prior to its expiration will continue to be valid and exercisable in accordance with the rules of the Expired Share Option Scheme.

For the avoidance of doubt, any Shares which may be issued upon the exercise of all outstanding share options (to the extent not already exercised) granted under the Expired Share Option Scheme shall not be subject to the Scheme Mandate Limit and the Service Provider Sublimit under the Listing Rules.

2023 Share Option Scheme

In substitution of the Expired Share Option Scheme, the Board resolved on 29 June 2023 to propose the adoption of the 2023 Share Option Scheme for the approval by the Shareholders.

LETTER FROM THE BOARD

The purpose of the 2023 Share Option Scheme is to motivate Eligible Participants to optimize their future contributions to the Group and/or reward them for their past contributions, attract and retain or otherwise maintaining on-going relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix I to this circular. The terms of the 2023 Share Option Scheme had been prepared in compliance with Chapter 17 of the Listing Rules, a revised version of which have become effective from 1 January 2023.

The adoption of the 2023 Share Option Scheme shall be subject to approval by the Shareholders at the EGM in accordance with Rule 17.02(1)(a) of the Listing Rules.

(2) Eligible Participants

Eligible Participants under the 2023 Share Option Scheme include any Employee Participant, Related Entity Participant or Service Provider who the Board considers, in their sole discretion, to have contributed or will contribute to the Group.

Having taken into account that:

- (i) the proposed categories of Service Providers are in line with the Group's business needs;
- (ii) the consultant, advisors, suppliers, distributors, contractors and agents which provide services akin to employees of the Group, may not be able to serve as full-time or part-time employees of the Group;
- (iii) recognising the contribution of Service Providers may enhance their performance and further contribution to the Group; and
- (iv) the invaluable contributions from Service Providers are essential to the sustainable and successful development of the Group,

the Board (including the INEDs) is of the view that the inclusion of Service Providers as Eligible Participants, the criteria of selection of the Eligible Participants, and the terms of the grants are fair and reasonable and align with the purpose of the Share Option Scheme to recognise contributions made and to be made to the growth and development of the Group and the long term interests of the Company and its Shareholders.

(3) Scheme Mandate Limit and Service Provider Sublimit

Pursuant to Rule 17.03B(1) of the Listing Rules and the 2023 Share Option Scheme (and other share scheme(s), where applicable), the Scheme Mandate Limit, being the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share scheme(s) existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of this limit by the Shareholders at a general meeting. Further, pursuant to

LETTER FROM THE BOARD

Rule 17.03B(2) of the Listing Rules and the 2023 Share Option Scheme (and other share scheme(s), where applicable), within the Scheme Mandate Limit, the Service Provider Sublimit, being the total number of Shares which may be allotted and issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share scheme(s) existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of separate approval of this sublimit by the Shareholders at a general meeting.

As at the Latest Practicable Date, the Company had a total of 3,184,516,534 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the Adoption Date, (i) the Scheme Mandate Limit will be 318,451,653 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date; and (ii) the Service Provider Sublimit will be 31,845,165 Shares, representing 1% of the total number of Shares in issue as at the Adoption Date.

The Board has determined the Service Provider Sublimit, and the Directors (including the INEDs) are of the view that it is appropriate and reasonable, by taking into account, among other things, the following factors:

- (1) the business expansion and development needs of the Group, which may require further engagement of Service Providers;
- (2) the actual or potential benefits, commercially and/or financially, to be brought by Service Providers to facilitate the long-term and sustainable growth of the Group;
- (3) the nature and norm of the industry and companies in the same industry;
- (4) the engagement practice and remuneration package for the Service Providers adopted by the Group;
- (5) the major portion of the Scheme Mandate Limit to be reserved for Offers to the Eligible Participants other than the Service Providers; and
- (6) the minimal potential dilution to the shareholding of public Shareholders following the Grant to Service Providers under the Service Provider Sublimit of 1%, considering that the Individual Limit is also 1% of the issued Shares in relevant period.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the EGM.

(4) Vesting Period

Pursuant to Rule 17.03F of the Listing Rules and the 2023 Share Option Scheme (and other share scheme(s), where applicable), the relevant vesting period shall not be less than twelve (12) months.

LETTER FROM THE BOARD

There could be a shorter vesting period at the discretion of the Board under each of the following circumstances in relation to Grant to the Employee Participants:

- (1) grants of “make-whole” Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (2) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;
- (3) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (4) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting. These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period as set out in the Consultation Conclusions. Accordingly, the Directors (including the INEDs) are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the purpose of the 2023 Share Option Scheme (and other share scheme(s), where applicable).

(5) Performance Targets and Clawback

The Board may, in its absolute discretion, specify any condition in the Offer which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the Offer, there is no performance target which must be achieved before an Option can be exercised under the terms of the 2023 Share Option Scheme or any clawback mechanism for the Company to recover or withhold any Option granted to a Grantee.

The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group.

LETTER FROM THE BOARD

(6) Subscription Price

The Subscription Price shall, subject to any applicable adjustments to be made pursuant to the terms under the 2023 Share Option Scheme, be determined by the Board, in its absolute discretion, provided that it shall be not less than the highest of:

- (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the Offer Date; and
- (iii) the nominal value of the Share on the Offer Date.

(7) Value of the Options

The Board considers that it is not appropriate to disclose the value of all Options that can be granted pursuant to the 2023 Share Option Scheme as if they had been granted on the Latest Practicable Date prior to the approval of the 2023 Share Option Scheme as the calculation of such value depends on a number of variables which cannot be ascertained at this stage, or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Such variables include, but are not limited to, the Subscription Price, the period for which the Options can be exercised, and whether or not the Options granted will be exercised by the Eligible Participants. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions will not be meaningful and may be misleading to the Shareholders.

(8) Conditions Precedent

The 2023 Share Option Scheme shall take effect on the Adoption Date and is conditional upon the passing of the necessary ordinary resolution(s) at a general meeting of the Company approving (a) the adoption of the 2023 Share Option Scheme; and (b) authorising the Board to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme.

(9) Offers to Connected Persons

Any Offer of Option(s) to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the INED(s) (excluding any INED who is the proposed Grantee of an Option).

LETTER FROM THE BOARD

Where any Offer of Option(s) to a substantial shareholder of the Company or an INED, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Option Scheme and all other share schemes (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue, such Offer must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

(10) Reorganisation of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), then, in any such case (other than in the case of capitalisation issue) the Company shall instruct the auditors of the Company or independent financial adviser to certify in writing:

- (a) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee;
- (b) the number or nominal amount of Shares to which the 2023 Share Option Scheme or any Options relates (insofar as it is/they are unexercised); and/or
- (c) the Subscription Prices of any unexercised Options.

PROPOSED AMENDMENTS TO THE 2019 SHARE AWARD SCHEME

(1) Background

The 2019 Share Award Scheme was adopted by the Company on 3 December 2019. Details of the existing 2019 Share Award Scheme are set out in the announcement of the Company dated 3 December 2019. The purposes of 2019 Share Award Scheme are: (i) to provide the Grantees with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with the Company; and (iii) to provide additional incentive for the Grantees to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Grantees directly to the Shareholders through ownership of Shares.

As at the Latest Practicable Date, the Company had granted Awards relating to 24,786,616 Shares pursuant to the 2019 Share Award Scheme, representing approximately 0.78% of the total issued Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Pursuant to the 2019 Share Award Scheme, the number of Shares administered under that scheme shall not exceed 310,040,250 in aggregate, representing approximately 10% of the issued Shares as at its adoption date on 3 December 2019 (the “**Award Scheme Limit**”). As at the Latest Practicable Date, 24,786,616 Shares were administered under the 2019 Share Award Scheme, representing approximately 7.99% of the Award Scheme Limit and 0.78% of the total issued Shares as at the same date, respectively.

The Board had proposed to seek approval from Shareholders at the EGM for certain amendments to be made to the 2019 Share Award Scheme to, among other things, bring it in line with the Listing Rules. The Board had also proposed that the Award Scheme Amendments shall apply to the unvested Awards and Awards to be granted under the Share Option Scheme with effect from the date of the EGM.

As the Award Scheme Amendments are of a material nature and may adversely affect certain rights of the Grantee under the 2019 Share Award Scheme which accrued prior to the Award Scheme Amendments becoming effective (including, without limitation, the vesting period, equitable adjustment and cancellation of the Awards), they shall be subject to approval by Shareholders at the EGM in accordance with the 2019 Share Award Scheme and the Listing Rules.

In the event the Award Scheme Amendments were not approved by the Shareholders at the EGM, the Company would only operate the existing 2019 Share Award Scheme and grant or vest the Awards under the same to the extent permitted by the Listing Rules.

(2) Proposed Award Scheme Amendments

The Award Scheme Amendments are set out in Appendix II to this circular. Key changes to the 2019 Share Award Scheme pursuant to the Award Scheme Amendments include, without limitation, the following:

- (i) amendment of the definition of Eligible Participants to include only Employee Participants, Related Entity Participants and Service Providers;
- (ii) inclusion of the Scheme Limit and the Service Provider Sublimit applicable to the Shares which may be allotted and issued in respect of all options and award to be granted under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) and all other share schemes;
- (iii) requirement to seek the Independent Shareholders’ approval for refreshment of the Scheme Limit and the Service Provider Sublimit within three (3) years from the date of the Shareholders’ approval for such limits or for their last refreshment (as the case may be);
- (iv) requirement to seek the Shareholders’ approval for any Grant which would result in exceeding the Individual Limit;

LETTER FROM THE BOARD

- (v) requirements to seek the INED's approval for any Grant to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, and to seek the Shareholders' approval for any Grant to:
 - (a) a Director (other than an INED) or chief executive of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of all awards granted to such person under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) and all other share award schemes (excluding any awards lapsed in accordance with the terms of the respective share award schemes) in any 12-month period up to and including the date of such Grant, representing in aggregate over 0.1% of the issued Shares; and
 - (b) an INED or substantial shareholder of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) and all other share schemes (excluding any awards lapsed in accordance with the terms of the respective share schemes) in any 12-month period up to and including the date of such Grant, representing in aggregate over 0.1% of the issued Shares;
- (vi) inclusion of a minimum vesting period of twelve (12) months, subject to a shorter vesting period in relation to the Grant to Employee Participants at the discretion of the Board under specified circumstances;
- (vii) clarification that the Board or the Remuneration Committee may set performance targets and/or clawback mechanism as part of the vesting conditions of the Grant;
- (viii) provision for equitable adjustment to the Awards granted under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) in the event of any alteration in the capital structure of the Company, such as capitalisation issue, rights issue, consolidation, sub-division and reduction of the share capital of the Company;
- (ix) requirement to seek the Shareholders' approval for any alteration of the 2019 Share Award Scheme (as amended by the Award Scheme Amendments):
 - (a) of a material nature;
 - (b) relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Eligible Participants; or
 - (c) relating to the authority of the Board or relevant administrator/trustee to alter the scheme; and
- (x) house-keeping amendments to align the wording of the 2019 Share Award Scheme with that of the Listing Rules and other consequential amendments in connection with the Award Scheme Amendments.

LETTER FROM THE BOARD

GENERAL INFORMATION OF SHARE SCHEMES

As at the Latest Practicable Date, the Company had no concrete plan to grant any Options under the 2023 Share Option Scheme or any Awards under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments).

The 2023 Share Option Scheme has no trustee and will be subject to the administration of the Board or the Remuneration Committee. In respect of the 2019 Share Award Scheme, none of the Directors is the Trustee nor has a direct or indirect interest in the Trustee.

No Director has a material interest and is required to abstain from voting on the resolutions to approve the adoption of the 2023 Share Option Scheme and the Award Scheme Amendments. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders will be required to abstain from voting on any resolutions to be approved at the EGM.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, (i) the new Shares to be issued upon the exercise of the Options granted under the 2023 Share Option Scheme; and (ii) the new Shares to be granted under the 2019 Share Award Scheme (as amended by the Award Scheme Amendments).

The Company has sought legal advice in respect of the 2023 Share Option Scheme and the Award Scheme Amendments and understands that the adoption of the 2023 Share Option Scheme and the Award Scheme Amendments would not constitute offer to public, and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) are not applicable.

DOCUMENTS ON DISPLAY

Copies of the 2023 Share Option Scheme and the 2019 Share Award Scheme (as amended by the Award Scheme Amendments) will be published on websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sanyhe.com>) for a period of not less than 14 days before the date of the EGM and will be made available for inspection at the EGM.

EGM

The Company will convene and hold the EGM at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC at 10:00 a.m. on Friday, 11 August 2023, at which ordinary resolutions will be proposed for the Shareholders to consider, and, if thought fit, to approve the adoption of the 2023 Share Option Scheme and the Award Scheme Amendments. The notice convening the EGM is set out on pages EGM-1 to EGM-5 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed with this circular. Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the enclosed form of proxy in accordance with the instructions printed thereon, and deposit it with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the EGM or any adjournment of it if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted on by way of poll by the Shareholders. After conclusion of the EGM, the poll results announcement will be published on the respective websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM (or at any adjournment thereof), the register of members of the Company will be closed from Tuesday, 8 August 2023 to Friday, 11 August 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 7 August 2023.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information as contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the resolutions in relation to the adoption of the Share Scheme is in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

Yours faithfully
By order of the Board
Sany Heavy Equipment International Holdings Company Limited
Liang Zaizhong
Chairman

PRINCIPAL TERMS OF 2023 SHARE OPTION SCHEME

The following is a summary of the principal terms of the 2023 Share Option Scheme to be adopted by way of ordinary resolution at the EGM, save that this Appendix does not and is not intended to form part of the 2023 Share Option Scheme, nor is deemed to form an interpretation affecting the rules of the 2023 Share Option Scheme.

1. Purpose

The purpose of the 2023 Share Option Scheme is to motivate Eligible Participants to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

2. Eligible Participants

Eligible Participants under the 2023 Share Option Scheme include any Employee Participant, Related Entity Participant or Service Provider who the Board considers, in their sole discretion, to have contributed or will contribute to the Group.

In determining the basis of eligibility for Employee Participants, the factors in assessing whether any person is eligible to participate in the 2023 Share Option Scheme include: (1) the performance; (2) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; (3) the length of engagement with the Group; and (4) the contribution or potential contribution to the development and growth of the Group.

In determining the basis of eligibility for Related Entity Participants, the factors in assessing any person is eligible to participant in the 2023 Share Option Scheme include: (1) the working relationship between the Related Entity Participants; (2) knowledge, experience, time commitment, responsibilities of such participant; and (3) the contribution or potential contribution to the development and growth of the Group.

A Service Provider refers to a person who provides services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, and fall into any of the following categories, provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall be excluded.

- (1) Human resources service provider, independent contractor, consultant, or advisor
 - (a) This category refers to independent contractors, consultants and advisers who provide services for the recruitment of manpower resources to any member of the Group on a continuing and recurring basis on areas relating to the Group's principal business activities that are being carried out by the Group from time to time.
 - (b) The Board shall, in its absolute discretion, take into account:
 - (i) the performance of the Service Provider including its capability, expertise and technical know-how;
 - (ii) its experience and network in the relevant industry;
 - (iii) the frequency of collaboration and length of business relationship with the Group;
 - (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties and the relevant replacement costs);
 - (v) the background, reputation and track record of the relevant contractor, agent consultant and/or adviser; and
 - (vi) other factors, including but not limited to the synergy between the Service Provider and the Group.
- (2) Sales agents
 - (a) This category refers to sales agents that supply the Group with services in connection with sale of its equipment on a regular, continuing and recurring basis to the Group's customers.
 - (b) The Board shall, in its absolute discretion, take into account:
 - (i) the scale of the Service Provider's collaboration and business dealings with the Group in terms of the overall sales attributable to it;
 - (ii) the ability of the Service Provider to maintain the quality of services;
 - (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; and
 - (iv) the length of business relationship between the Service Provider and the Group.

The INEDs consider that the inclusion of Service Providers and Related Entity Participants aligns with the purpose of the 2023 Share Option Scheme and the long term interests of the Company and its Shareholders, and the proposed categories of the Service Providers and the Related Entity Participants are in line with the Company's business needs and the industry norm, and the criteria for the selection of eligible participants align with the purpose of the 2023 Share Option Scheme.

3. Scheme Mandate Limit and Service Provider Sublimit

The total number of new Shares which may be issued in respect of all Options which may be granted at any time under the 2023 Share Option Scheme together with options and awards which may be granted under any other schemes of the Company involving issue of new Shares shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date or as at the Shareholders' meeting for subsequent refreshment (the "**Scheme Mandate Limit**"). The total number of new Shares which may be issued in respect of all Options which may be granted at any time under the 2023 Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company involving issue of new Shares to the Service Providers shall not exceed such number of Shares as equals to 1% of the Shares in issue as at the Adoption Date or as at the Shareholders' meeting for subsequent refreshment (the "**Service Provider Sublimit**") within the Scheme Mandate Limit. Options lapsed in accordance with the terms of the 2023 Share Option Scheme will not be regarded as utilised for the purpose of calculating the aforesaid limits.

The Company may seek approval of the Shareholders in a general meeting of the Company to refresh the Scheme Mandate Limit and/or the Service Provider Sublimit under the 2023 Share Option Scheme on or after the third anniversary of the date of the Shareholders' approval for the last refreshment or the Adoption Date. Any refreshment within any three-year period must be approved by the Shareholders, with any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding INEDs) and the chief executive of the Company and their respective associates) abstaining from voting in favour of the relevant resolution at the general meeting and the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules. The total number of Shares which may be issued upon exercise of (1) Options to be granted under the 2023 Share Option Scheme and (2) the options and awards to be granted under any other share schemes of the Company involving new Shares as "refreshed" must not exceed 10% of the Shares in issue as at the date of approval of the refreshment.

4. Individual Limit

Where any grant of an Option to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) involving new Shares in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant

must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

5. Grants to Connected Persons

Any Grant of Option(s) to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the INEDs (excluding any INED who or whose associate is the proposed Grantee of an Option).

Where any grant of an Option to an INED or a substantial shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under the 2023 Share Option Scheme and other share schemes of the Company involving issue of new Shares (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of Option must be approved by the Shareholders in a general meeting of the Company. The Company must send a circular to the Shareholders. The circular must contain the information required under Rule 17.04(5) of the Listing Rules. The Grantee, his associates and all the core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting of the Company pursuant to Rule 17.04(4) of the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.

Any change in the terms of options (including an Option) or awards granted to an Eligible Participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the options requires such approval (except where the changes take effect automatically under the existing terms of the 2023 Share Option Scheme).

6. Offer and Acceptance of Options

The Board shall, in accordance with the 2023 Share Option Scheme and the Listing Rules, be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may determine at the Subscription Price, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 as consideration for the grant thereof, is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, and such letter, together with a payment in favour of the Company of HK\$1.00 as consideration for the grant thereof, is received by the Company.

To the extent that the Offer is not accepted within the time specified in the Offer document, unless an extension of such period determined by the Board, it will be deemed to have been irrevocably declined and the relevant Offer which is not accepted or deemed to be accepted shall lapse.

7. Restrictions on the Grant

The Board shall not make any Grant of Option(s) after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements under the Listing Rules. In particular, the Company may not make any Grant during the period commencing one (1) month immediately before the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish its results for any year, half-year or quarter-year period under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements (and during any period of delay in publishing results announcements (if applicable)).

Without prejudice to the provisions in the preceding paragraph, the Board may not make any Grant to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; in particular, no Options shall be granted to the Directors:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

8. Option Period and Vesting Period

Upon an Offer being accepted by an Eligible Participant in whole or in part, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.

The vesting period for all Options shall not be less than twelve (12) months, subject to a shorter vesting period at the discretion of the Board under each of the following circumstances in relation to Offer of Option(s) to Employee Participants:

- (a) grants of “make-whole” Options to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Subject to the fulfilment of all terms and conditions set out in the Offer document and the 2023 Share Option Scheme, an Option shall be exercisable in whole or in part by the Grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Option remains unexercised is less than one board lot or where the Option is exercised in full, must be for a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof). The Grantee shall pay for the full amount of the aggregate Subscription Price for Shares in respect of which the notice is given. Unless otherwise specified, the Company shall within 28 days after receipt of the notice allot and issue the relevant number of Shares to the Grantee fully paid and issue to the Grantee a share certificate for the Shares so allotted and issued.

Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time during the Option Period provided that:

- (i) if the Grantee is an Employee Participant and in the event of his/her ceasing to be an Employee Participant by reason of his/her death, injury, disability, ill-health, or retirement in accordance with his/her contract of employment before exercising the Option in full, the Grantee or his/her personal representative(s), as appropriate, may exercise the Option (to the extent not already exercised) in whole or in part within 12 months following the date of death or such cessation of employment, or such longer period as the Board may determine;
- (ii) if the Grantee is an Employee Participant and in the event of his/her ceasing to be an Employee Participant for any reason other than his/her death, injury, disability, ill-health, or retirement in accordance with his/her contract of employment, or the termination of his/her employment on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group or the Related Entity (if so determined by the Board), or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, or on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under his/her service contract with any member of the Group and Related Entity, before exercising the Option in full, his/her Option (to the extent not already exercised) shall lapse and shall not be exercisable on the date of cessation, or such longer period as the Board may determine;
- (iii) if the Grantee is a Service Provider and in the event of his/her ceasing to be an Eligible Participant by reason of a breach of contract entered into between the him/her and any member of the Group, or his/her engagement or appointment has been terminated in the sole and absolute opinion of the Board, or the Board, in its sole and absolute opinion, believes that he/she has become a competitor of any member of the Group, or he/she has become bankrupt or insolvent or has made arrangements or composition with his/her creditors generally, or he/she has committed serious misconduct, or he/she has been convicted of any criminal offence (other than an offence which, in the sole and absolute opinion of the Board, does not bring the Grantee or any member the Group into disrepute), his/her Option (to the extent not already exercised) shall lapse and shall not be exercisable on the date of the Board's determination. If the Option has been exercised and the Shares have been allotted, the Company shall reserve its rights to seek legal remedies under the applicable law against the Grantee;
- (iv) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such

offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become Shareholders, by the exercise in full of the Options granted to them. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Options were granted, be entitled to exercise the Option (to the extent vested but not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time within thirty (30) days after the date on which such general or partial offer becomes or is declared unconditional, or within thirty (30) days after the record date for entitlements under the scheme of arrangement, as the case may be; and

- (v) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent vested but not already exercised) either to its full extent or to the extent specified in such notice and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject to the above, all Options shall, to the extent that they have not been exercised, lapse and shall be terminated.

9. Performance Targets and Clawback

The Board may, in its absolute discretion, specify any conditions (including performance targets (if any)) in the Offer which must be satisfied before an Option may be exercised. Such performance targets may include, without limitation, financial targets and management targets which shall be determined based on (i) individual performance; (ii) performance of the Group; and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area. The performance targets to be imposed may be linked to the individual Grantee or the Group as a whole and may include: (i) aggregate sales volume of the individual Grantee or the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (ii) market share of the Group's relevant products or services for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); and (iii) net profit of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year). Grounds on which clawback provisions may be triggered include: (i) resignation unilaterally and failure to meet the termination notice period requirements; (ii) being fired for violating the Company's relevant regulations and labor discipline; (iii) being convicted or held liable of any criminal offence involving his

integrity or honesty; (iv) breach of material regulations such as non-competition, confidentiality or Company's information security; (v) material misstatement in the audited financial statements of the Company that requires a restatement; and (vi) if the grant of an Option is linked to any performance targets and the Board is of the view that there exists circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner. Subject to the provisions under the paragraph headed "13. Lapse of Options" below, save as determined by the Board and provided in the Offer, there is no performance target which must be achieved before an Option can be exercised under the terms of the 2023 Share Option Scheme or any clawback mechanism for the Company to recover or withhold any Option granted to a Grantee.

10. Subscription Price

The Subscription Price shall, subject to any applicable adjustments to be made pursuant to the terms under the 2023 Share Option Scheme, be determined by the Board, in its absolute discretion, provided that it shall be not less than the highest of:

- (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the Offer Date; and
- (iii) the nominal value of the Share on the Offer Date.

11. Rights Attaching to the Options

The Options held by Grantees pursuant to the 2023 Share Option Scheme are not Shares and do not confer rights related to voting, share allotment and dividends to the Grantees.

12. Scheme Life

The 2023 Share Option Scheme shall be valid and effective until the earlier of (i) the Termination Date; and (ii) such date of early termination as determined by resolution in general meeting of the Company, after which period no further Options may be issued or granted, but the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior to such termination or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme.

13. Lapse of Options

An Option (to the extent not already exercised) shall lapse and not be exercisable (to the extent not already exercised) on the date of the Board's determination upon the occurrence of the following events:

- (i) the occurrence of any of the events or expiry of any of the periods as specified in the sub-section headed "8. Option Period and Vesting Period" in this Appendix;
- (ii) in the event that the Grantee ceases to be an Eligible Participant by reason of termination of his employment with any member of the Group and the Related Entity on any one or more of the following grounds: (a) that the Grantee has been guilty of serious misconduct; (b) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group or the Related Entity (if so determined by the Board); (c) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally; or (d) on any other ground as determined by the Board that would warrant the termination of the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with any member of the Group and Related Entity;
- (iii) in the event that the Grantee who is a Service Provider ceases to be an Eligible Participant by reason of any one or more of the following grounds: (a) that there has been a breach of contract entered into between the Grantee and any member of the Group; (b) that the Grantee's engagement or appointment has been terminated in the sole and absolute opinion of the Board; (c) that the Board, in its sole and absolute opinion, believes that the Grantee has become a competitor of any member of the Group; (d) that the Grantee has become bankrupt or insolvent or made any arrangement or composition with his creditors generally; (e) that the Grantee has committed any serious misconduct, or (f) that the Grantee has been convicted of any criminal offence (other than an offence which, in the sole and absolute opinion of the Board, does not bring the Grantee or any member the Group into disrepute).

14. Adjustments

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as

consideration in respect of a transaction while any Option remains exercisable), then, in any such case (other than in the case of capitalisation issue) the Company shall instruct the auditors of the Company or independent financial adviser to certify in writing:

- (i) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:
- (ii) the number or nominal amount of Shares to which the 2023 Share Option Scheme or any Options relates (insofar as it is/they are unexercised); and/or
- (iii) the Subscription Prices of any unexercised Options,

and an adjustment as so certified by the auditors of the Company or the independent financial adviser shall be made, provided that:

- (a) any such adjustment shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (b) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe had the person exercised all the Options held by him immediately prior to such event (as interpreted in accordance such applicable guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time);
- (d) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (e) in respect of any such adjustments, the auditors of the Company or the independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 17.03(13) of the Listing Rules, FAQ 072-2020, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

15. Cancellation

Subject to the terms of the 2023 Share Option Scheme and the Listing Rules, any Option granted may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Board. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the 2023

Share Option Scheme with the available limit approved by the Shareholders. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

16. Termination

The Company by an ordinary resolution in a general meeting of the Company may at any time terminate the operation of the 2023 Share Option Scheme. In such event, no further Options will be offered but in all other respects, the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme and the Options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2023 Share Option Scheme.

Details of the Options granted, including Options exercised or outstanding, under the 2023 Share Option Scheme and (if applicable) Options that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new share scheme to be established or refreshment of scheme mandate limit under any existing share scheme of the Company after such termination.

17. Ranking of Shares

No dividends shall be payable in relation to Shares that are the subject of Options that have not been exercised. The Shares to be allotted upon the exercise of an Option shall not carry voting or other rights until completion of the registration of the Grantee (or his personal representative) as the holder thereof. The Shares allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the relevant Shares.

18. Transferability

An Option granted under the 2023 Share Option Scheme shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do.

The Stock Exchange may consider granting a waiver to allow a transfer of an Option to a vehicle (such as trust or private company) for the benefit of the Grantee and any family members of such Grantee (e.g. for estate planning or tax planning purposes) that would continue to meet purpose of the 2023 Share Option Scheme and comply with the requirements of the Listing Rules. When such waiver is granted, the Stock Exchange shall require the Company to disclose the beneficiaries of the trust or the ultimate beneficial owners of the transferee vehicle.

19. Alteration

Subject to the relevant provisions under the 2023 Share Option Scheme, it may be altered in any respect by a resolution of the Board provided that:

- (a) any alterations to the terms and conditions of the 2023 Share Option Scheme which are of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the Shareholders in a general meeting of the Company;
- (b) any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be) (except any changes which take effect automatically under the terms of the 2023 Share Option Scheme);
- (c) any change to the authority of the Directors or the administrator of the 2023 Share Option Scheme to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in a general meeting of the Company;
- (d) the amended terms of the 2023 Share Option Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules as amended from time to time; and
- (e) no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the memorandum of association of the Company and the Articles being for a variation of the rights attached to Shares.

AMENDMENTS TO 2019 SHARE AWARD SCHEME

Clause No. Clause after adopting the Award Scheme Amendments

1.1	“Authorized Person”	the Board of the Company or any Director/any person delegated with the power and authority by the Board by way of a board resolution to administer the Scheme;
1.1	“Adoption Date”	[•] 2019—the date on which the Scheme is approved and adopted by <u>an ordinary resolution passed by the Shareholders in a general meeting of the Company</u> the Board;
1.1	“Affiliate Company”	a Controlling Shareholder of the Company or a Subsidiary or an Associate of a Controlling Shareholder;
1.1	“Board”	<u>the Board of the Company or any Director/any person delegated with the power and authority by the Board by way of a board resolution to administer the Scheme;</u> the board of Directors;
	“Business Day”	<u>any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;</u> a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and public holidays);
1.1	“Company”	Sany Heavy Equipment International Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability on 23 July 2009, the shares of which are listed on the Hong Kong Stock Exchange (stock code: 631);
1.1	“Group”	<u>the Company and its subsidiaries from time to time;</u>
1.1	“Eligible Participant”	<u>means any person belonging to any of the following classes of participants:</u> (a) <u>the Employee Participants,</u> (b) <u>the Related Entity Participants and</u> (c) <u>the Service Providers;</u>
1.1	“Eligible Entity” “Employee Participant(s)”	any corporation which is (a) the holding company of the Company; (b) a Subsidiary of the Company; or (c) a Subsidiary of the holding company of the Company; <u>the directors and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Restricted Shares under this Scheme as inducement to enter into employment contracts with any member of the Group);</u>

APPENDIX II AMENDMENTS TO THE 2019 SHARE AWARD SCHEME

Clause No. Clause after adopting the Award Scheme Amendments

1.1	“Financial Period”	means the financial accounting period of the Company;
1.1	“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
1.1	“Inside Information”	has the meaning ascribed to such term in <u>Clause 3.1.2(a); the SFO;</u>
1.1	“Individual Limit”	has the meaning ascribed to such term in <u>Clause 5.5;</u>
1.1	“Participant” “Listing Rules”	means any of the following persons: (a) any Executive, full-time or part-time employee, or a person for <u>Rules Governing the time being seconded to work full-time or part-time for any member of Listing of Securities on the Group or of an Eligible Entity;</u> and (b) a director or a proposed director (including an independent non-executive director) of any member of the <u>Group or of an Eligible Entity</u> <u>Stock Exchange as may be amended from time to time;</u>
1.1	“New Approval Date”	has the meaning ascribed to such term in <u>Clause 5.3;</u>
1.1	“Reply Slip Related Entity”	has the meaning ascribed to such term in <u>Clause 3.4.2(b); holding companies, fellow subsidiaries or associated companies of the Company;</u>
1.1	“Related Entity Participant(s)”	directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company;
1.1	“Remuneration Committee”	remuneration committee of the Company;
1.1	“Scheme Rules”	the rules set out herein relating to the Scheme as amended <u>from time to time;</u>

Clause No. Clause after adopting the Award Scheme Amendments

1.1	<u>“Scheme Mandate”</u>	<u>a mandate approved by shareholders of the Company (or independent shareholders of the Company, as the case may be) at a general meeting for such purposes, for the issue and allotment of new Shares pursuant to the Scheme (subject to adjustment in case of any share consolidation or subdivision after such mandate has been approved, provided that the maximum number of new Shares of the Company that may be allotted and issued as a percentage of the total number of issued Shares of the Company at the date immediately before and after such consolidation or subdivision shall be the same);</u>
1.1	<u>“Service Provider”</u>	<u>any individual or entity falling within the categories specified in Clause 2.1.4;</u>
1.1	<u>“Service Provider Participant”</u>	<u>has the meaning ascribed to such term in Clause 2.1.4;</u>
1.1	<u>“Service Provider Submit”</u>	<u>has the meaning ascribed to such term in Clause 5.4;</u>
1.1	<u>“Selected Participant”</u>	<u>any Participant selected by the Authorized PersonBoard from the pool of Eligible Participants in accordance with the terms of and entitled to receive a Grant under this Scheme;</u>
1.1	<u>“Stock Exchange”</u>	<u>The Stock Exchange of Hong Kong Limited;</u>
1.1	<u>“Subsidiary”</u>	<u>the subsidiary of the Company from time to time and has the meaning ascribed to such term in the Listing Rules and Companies Ordinance (Cap. 622 of the Laws of Hong Kong) whether incorporated in Hong Kong or elsewhere; and “Subsidiaries” shall be construed accordingly;</u>

Clause No. Clause after adopting the Award Scheme Amendments

- 2.1.1 The purposes of this Scheme are:
- (a) to provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company;
 - (b) to encourage and retain such individuals to work with the Company; and
 - (c) to provide additional incentive for them to achieve performance goals
- with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the ~~shareholders of the Company~~ Shareholders through ownership of Shares.
- 2.1.3 Selected Participants shall refer to any Participants selected by the Board from the pool of Eligible Participants.
- 2.1.4 A Service Provider participant (“**Service Provider Participant**”) refers to a person who provides services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group (where the continuity and frequency of their services are akin to those of employees of the Group), and fall into any of the following categories, provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall be excluded.
- (1) Human resources service provider, independent contractor, consultant, or advisor
 - (a) This category refers to independent contractors, consultants and advisers who provide services for the recruitment of manpower resources to any member of the Group on areas relating to the Group’s principal business activities that are being carried out by the Group from time to time.

Clause No. Clause after adopting the Award Scheme Amendments

- (b) The Board shall, in its absolute discretion, take into account:
 - (i) the performance of the Service Provider including its capability, expertise and technical know-how;
 - (ii) its experience and network in the relevant industry;
 - (iii) the frequency of collaboration and length of business relationship with the Group;
 - (iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties and the relevant replacement costs);
 - (v) the background, reputation and track record of the relevant contractor, agent consultant and/or adviser; and
 - (vi) other factors, including but not limited to the synergy between the Service Provider and the Group.

(2) Sales agents

- (a) This category refers to sales agents that supply the Group with services in connection with sale of its equipment on a regular or recurring basis to the Group's customers.
- (b) The Board shall, in its absolute discretion, take into account:
 - (i) the scale of the Service Provider's collaboration and business dealings with the Group in terms of the overall sales attributable to it;
 - (ii) the ability of the Service Provider to maintain the quality of services;
 - (iii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; and
 - (iv) the length of business relationship between the Service Provider and the Group.

2.3.1 This Scheme shall be subject to the administration of the ~~Authorized Person~~Board and the Trustee in accordance with the rules of this Scheme. The decision of the ~~Authorized Person~~Board and the Trustee (save as otherwise provided herein) shall be final and binding on all parties.

Clause No. Clause after adopting the Award Scheme Amendments

- 2.3.2 ~~Without prejudice~~ Subject to Clause 8.1.1, the Scheme may be amended ~~in any respect~~ by a resolution of the Authorized Person Board provided that no such amendment shall operate to affect adversely any rights of any Selected Participant thereunder which accrued prior to such amendment becoming effective, and provided that no such amendment or alteration to the Scheme which affects the Trustee's rights and obligations under this Trust Deed shall be made without the prior written consent of the Trustee (save as may be required to comply with the applicable laws, rules or regulations including amongst others the Listing Rules and/or the SFO).
- 3.1.1 The ~~Authorized Person Board~~ may, subject always to the Scheme Rules, from time to time determine the number of Restricted Shares to be granted which may involving existing Shares and new Shares (the "Grant Shares") and at its absolute discretion select any Participant who is an Eligible Participant to be a Selected Participant under the Scheme. The ~~Authorized Person Board~~ shall notify the Trustee about the results of its determination of Grant Shares and Selected Participants. The Grant Shares are subject to acceptance of the Selected Participants. Shares pursuant to a Grant not accepted by the Selected Participants within the time as stipulated in these Rules shall lapse forthwith and become Unaccepted Shares which shall be dealt with in accordance with Clause 4.
- 3.1.2 Notwithstanding the provision in Clause 3.1.1, no Grant shall be made to any Selected Participant:
- (a) ~~after a price sensitive event in relation to the securities of the Company or event which constitutes inside information (as defined in Part XIVA of the SFO) ("Inside Information") of the Company has occurred, or a price sensitive matter in relation to the securities of the Company or Inside Information of the Company has been the subject of a decision, until such price sensitive information and/or Inside Information has been made public by announcement being published on the website of the Hong Kong Stock Exchange;~~
- (1) ~~(b) within~~ after Inside Information has come to its knowledge until (and including) the Business Day after it has been announced by the Company pursuant to the requirements of the Listing Rules;
- (2) during the period commencing ~~60 days~~ from one (1) month immediately preceding the earlier of: (i)
- (i) the date of ~~at~~ the meeting of the Board (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of approving the Company's annual results for any Financial Period; and (ii) the deadline for the Company to publish its annual results announcement for any Financial Period year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules, and ending on the date of such announcement); and

Clause No. Clause after adopting the Award Scheme Amendments

- (e) (ii) ~~within the period commencing 30 days immediately preceding the earlier of: (i) the date of a meeting of the Board (as such date is first notified to the Hong Kong Stock Exchange) for the approval of the Company's interim or quarterly results for any Financial Period; and (ii) the deadline for the Company to publish its interim results for any year, half-year or quarterly results announcement for any Financial Period under the GEM Listing Rules, and ending on the date of such announcement; or (d) in any circumstances which are prohibited other interim period (whether or not required under the applicable laws, rules and regulations which includes amongst others Listing Rules and/or SFO or where the requisite approval from any applicable regulatory authorities has not been granted. Listing Rules),~~

and ending on the date of the results announcements (and during any period of delay in publishing results announcements (if applicable)); and

(3) during the period of:

- (i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half- year period up to the publication date of the results.

3.2.1 In determining the number of Grant Shares to any Selected Participant, the ~~Authorized Person~~Board shall take into consideration matters including, but without limitation to,

- (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group;
- (b) the general financial condition of the Group;
- (c) the Group's overall business objectives and future development plan; and
- (d) any other matter which the ~~Authorized Person~~Board considers relevant.

Clause No. Clause after adopting the Award Scheme Amendments

3.2.2 Where any grant of Restricted Shares is proposed to be made to any Selected Participant who is a Director ~~(including the independent non-, chief executive Director), or other Connected Person(s)~~ substantial shareholders of the Company or any of their associates, such grant must first be approved by all the independent non-executive Directors and subject to (excluding any independent non-executive director who is the grantee of the following conditions: Grant).

- (i) ~~in each case any independent non-executive Director who has a material interest or is a proposed Selected Participant will be excluded from being involved in or giving the aforesaid approval; and~~
- (ii) ~~Chapter 14A of the Listing Rules is required to be complied with, only if the relevant requirements contained therein are applicable.~~

3.2.3 Where any grant of Restricted Shares involving issue of new Shares proposed to be made to:

- (i) a Director (other than an independent non-executive Director), or a chief executive or any of their respective associates that would result in the Shares issued and to be issued in respect of all Restricted Shares involving new Shares granted to such person under the Scheme and all other share schemes in the twelve (12)-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue; or
- (ii) an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates that would result in the Shares issued and to be issued in respect of all options and Restricted Shares involving new Shares granted to such person under the Scheme and all other share schemes in the twelve (12)-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue,

such Grant must be approved by the Shareholders in general meeting in the manner set out in rule 17.04(4) of the Listing Rules. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

3.3.1 After the ~~Authorized Person~~ Board has determined the number of Grant Shares which may involve existing Shares as well as new Shares and the Selected Participants, it shall notify the Trustee and the Selected Participants in writing on the proposed Grant Date. Upon receipt of the notification of the Grant, the Selected Participants are required to confirm his/her acceptance of the Grant by (i) returning to the Company a notice of acceptance duly executed by him/her; or (ii) completing any other required steps as specified by the Board to confirm his/her acceptance of the Grant within 28 days after the Grant Date or a longer period as specifically determined by the Board (the "Acceptance Period").

Clause No. Clause after adopting the Award Scheme Amendments

- 3.3.2 ~~3.3.2 Subject to Clause 3.7.2, the Authorized Person~~If any Selected Participant fails to return the notice of acceptance at the stipulated time pursuant to Clause 3.3.1 above to the Board, the Grant shall lapse forthwith and the Shares pursuant to the Grant shall become Unaccepted Shares which shall be dealt with in accordance with Clause 4. The Board shall notify the Trustee accordingly of any Grant which has not been accepted as soon as practicable after the expiration of the Acceptance Period.
- 3.3.3 For Grant which involving existing Shares, subject to Clause 3.7.2, the Board shall cause to be paid to the Trustee the necessary funds together with all related purchase expenses required for the completion of the purchase of all the Grant Shares (the “Referable Amount”) from the Company’s resources as soon as possible.
- 3.3.4 ~~Within 20 Business Days (or such longer period as the Trustee and the Authorized Person~~Board may agree from time to time) of receiving the Referable Amount, the Trustee shall apply the same towards the purchase of the Shares on the Hong Kong Stock Exchange. If the Referable Amount is not sufficient to purchase all the necessary Shares to cover the Grant Shares, the Trustee shall purchase the maximum number of Shares possible from the Referable Amount and seek further sums from the Authorized Person~~Board~~ until all Shares covering the Grant Shares are purchased. The Trustee shall return any excess Referable Amount to the Company forthwith after the completion of the purchase. The Trustee shall hold any Shares so purchased in accordance with the terms hereof and the provisions of the Trust Deed.
- 3.3.4 ~~If any Selected Participant fails to return the notice of acceptance at the stipulated time pursuant to Clause 3.3.1 above to the Authorized Person, the Grant shall lapse forthwith and the Shares pursuant to the Grant shall become Unaccepted Shares which shall be dealt with in accordance with Clause 4. The Authorized Person shall notify the Trustee accordingly of any Grant which has not been accepted as soon as practicable after the expiration of the Acceptance Period.~~
- 3.3.5 ~~If the Restricted Shares are new Shares to be allotted or issued by the Authorized Person~~Board, the Company shall cause such Restricted Shares be allotted and issued to the Trustee. The Trustee will then transfer such Restricted Shares to the Selected Participants after all relevant vesting conditions as set out in Clause 3.4.2 of the Rules are fulfilled. For the avoidance of doubt, the Trustee shall be regarded as having discharged all its obligations under this Clause after such Restricted Shares are transferred to the Selected Participants.
- 3.4.1 (a) ~~The vesting of the Restricted Shares is subject to the Selected Participant remaining at all times after the Grant Date and on the Vesting Date (as the case may be, on each relevant Vesting Date) as an Eligible Participant of the Company or any Subsidiary.~~

Clause No. Clause after adopting the Award Scheme Amendments

- (b) A Selected Participant shall automatically cease to be ~~an Eligible~~ Participant for the purpose of Clause 3.4.1(a) if the Selected Participant has:
- (i) ~~been terminated by the Company Group~~ (in the case of an Employee Participant), the Related Entity (in the case of a Related Entity Participant), or any Subsidiary ~~the Service Provider~~ (in the case of a Service Provider Participant) for cause. For the purposes of this paragraph and all other relevant provisions hereunder (if any) relating to termination for cause, cause shall mean:
 - (aa) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his/her employment, ~~agency or consultancy contract~~ with the ~~Company or any Subsidiary~~ Group (in the case of an Employee Participant), the Related Entity (in the case of a Related Entity Participant), or Service Provider (in the case of a Service Provider Participant) or any lawful orders or instructions given by the ~~Company Group or the Related Entity or any Subsidiary~~ Service Provider as the case may be;
 - (bb) incompetence or negligence in the performance of his duties; or
 - (cc) doing anything in the conclusive opinion of the ~~Company or any Subsidiary~~ Group (in the case of an Employee Participant), the Related Entity (in the case of a Related Entity Participant), or Service Provider (in the case of a Service Provider Participant) adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;
 - (iii) been convicted for any criminal offence involving his/her integrity or honesty; or
- (c) For the avoidance of doubt, in the event that a Selected Participant ceases to be ~~an Eligible~~ Participant because he/she has tendered his/her resignation, then such person will (subject to sub-paragraph (e) below) automatically cease to be a Selected Participant for the purposes of this Scheme and the condition referred to in Clause 3.4.1(a) shall fail to have been satisfied. The Grant shall automatically lapse forthwith and all the Grant Shares shall not vest on the Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee. The unvested Shares that have lapsed in accordance with this Clause 3.4.1(c) shall become Unvested Shares for the purposes of the Scheme and be dealt with in accordance with Clause 4.

Clause No. Clause after adopting the Award Scheme Amendments

- (d) For the purpose of Clause 3.4.1(a), a Selected Participant shall be regarded as remaining as a Selected Participant notwithstanding that he/she ceases to hold a position of employment or office with ~~or be an agent or consultant of the Company~~ the Group, the Related Entity or a Subsidiary, Service Provider if at the same time he takes up a different position of employment and/or office with, or continues to be an ~~agent or consultant~~ employee of another Subsidiary within the Group or Related Entity or an Affiliate Company Service Provider or has retired from the ~~Company~~ Group, the Related Entity or any Subsidiary Service Provider as the case may be.
- (e) A Selected Participant shall cease to be a Selected Participant if he is dismissed by the ~~Company~~ Group (in the case of an Employee Participant), the Related Entity (in the case of a Related Entity Participant), or any Subsidiary, Service Provider (in the case of a Service Provider Participant), unless otherwise decided by the ~~Authorized Person~~ Board.
- 3.4.2 (a) Subject to the vesting provisions set out in Clause 3.4.1 or otherwise in Clauses 3.4.3 and 3.4.4, any Share held by the Trustee on behalf of a Selected Participant pursuant to the provisions hereof shall vest in such Selected Participant in accordance with the vesting schedule as communicated and confirmed in writing by the ~~Authorized Person~~ Board to the Trustee from time to time and in any event, for a period that is not shorter than twelve (12)-months for any Grant of Restricted Shares involving new Shares. For the avoidance of doubt, the Trustee is deemed to have fully discharged its duty set out in the Trust Deed by relying on and following the aforesaid written confirmation. For this purpose, the date or each such date on which the Grant Shares are to vest is referred to as a “**Vesting Date**”. Any shorter vesting period may be allowed for any Grant of Restricted Shares to an Employee Participant involving issue of new Shares at the sole discretion of the Board under the following specified circumstances:
- (i) grants of “make-whole” Restricted Shares to new joiners to replace the share awards they forfeited when leaving the previous employers;
 - (ii) grants to an Eligible Participant whose employment is terminated due to death or occurrence of any out of control event;
 - (iii) grants that are made in batches during a year for administrative and compliance reasons, which include Restricted Shares that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
 - (iv) grants of Restricted Shares with a mixed or accelerated vesting schedule such as where the Restricted Shares may vest evenly over a period of twelve (12)-months; or
 - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Clause No. Clause after adopting the Award Scheme Amendments

If any of grant to such Employee Participant is a Director or senior manager, Remuneration Committee has to consider at the relevant Remuneration Committee meeting as to why this arrangement to Director or senior manager was appropriate and how such grant was align with the purpose of this Scheme.

For the avoidance of doubt, for Grant of the Restricted Shares involving existing Shares, no minimum vesting period would be imposed under the Scheme. Any vesting period imposed shall be determined at the sole discretion of the Board.

- (b) The ~~Authorized Person~~Board shall send to each Selected Participant a Vesting Notice 30 days prior to each Vesting Date. The Selected Participant shall undertake to hold the Restricted Shares on the terms on which it is granted and be bound by the provisions of this Scheme.
- (c) When Shares vest in a Selected Participant in accordance with Clause 3.4.2, the ~~Authorized Person~~Board shall issue to the Trustee a confirmation letter that the vesting conditions have been fulfilled (the “**Confirmation Letter**”). The ~~Authorized Person~~Board shall also forward to the Trustee, at the same time when the Confirmation Letter is sent, a written consolidated security account details of all relevant Selected Participants to effect the transfer of the relevant vested Shares to the relevant Selected Participants.
- (d) The Board may, in its absolute discretion, specify any conditions (including performance targets (if any)) in the Vesting Notice which must be satisfied before the Restricted Shares may be granted. Such performance targets may include, without limitation, financial targets and management targets which shall be determined based on (i) individual performance; (ii) performance of the Group; and/or (iii) performance of business groups, business units, business lines, functional departments, projects and/or geographical area. Subject to the Vesting Condition set out in Clause 3.4.1 of the Scheme Rules, save as determined by the Board and provided in the Vesting Notice, there is no performance target which must be achieved before the Restricted Shares can be granted under the terms of this Scheme or any clawback mechanism as part of the vesting conditions of the Company to recover or withhold any Restricted Shares granted to a Selected Participant. If the Restricted Shares have been vested, the Company shall reserve its rights to seek legal remedies under the applicable law against the Selected Participant.
- (e) The performance targets to be imposed may be linked to the individual Grantee or the Group as a whole and may include: (i) aggregate sales volume of the individual Grantee or the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (ii) market share of the Group’s relevant products or services for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); and (iii) net profit of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year).

Clause No. Clause after adopting the Award Scheme Amendments

(f) Grounds on which clawback provisions may be triggered include: (i) resignation unilaterally and failure to meet the termination notice period requirements; (ii) being fired for violating the Company’s relevant regulations and labor discipline; (iii) being convicted or held liable of any criminal offence involving his integrity or honesty; (iv) breach of material regulations such as non-competition, confidentiality or Company’s information security; (v) material misstatement in the audited financial statements of the Company that requires a restatement; and (vi) if the Grant is linked to any performance targets and the Board is of the view that there exists circumstances that show or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner.

3.4.3 No Vesting Upon Death

In the event of a Selected Participant ceasing to be a Participant by reason of death, all Grant Shares that have not vested shall deem to be lapsed immediately on the date of his death unless the ~~Authorized Person~~Board may otherwise determine that the legal representative(s) of such Selected Participant may take the Grant Shares up to the Selected Participant’s entitlement (to the extent not already vested) according to the terms and conditions of the grant letter. The unvested Shares which have been lapsed shall become Unvested Shares and shall be dealt with in accordance with Clause 4.

3.5.2 The Trustee shall apply the trust fund in Clause 3.5.1:

- (a) initially to defray the fees, costs and expenses of the Trust, including without limitation all of the Trustee’s fees incurred immediately prior to the Purchase Date and any excluded expenses pursuant to Clause 9.1; and
- (b) its remainder (if any) to purchase the maximum number of board lots of Shares (the “**Additional Shares**”) on the Purchase Date at the prevailing market price upon written instruction from the ~~Authorized Person~~Board.

3.5.3 The Trustee shall hold such Additional Shares and all income derived therefrom for the benefit of all or one or more of the Participants, as the Company in its absolute discretion shall at any time grant after taking into consideration recommendations of the ~~Authorized Person~~Board.

3.5.5 If any Additional Shares have been granted, the ~~Authorized Person~~Board shall notify the Company of such Grant having been made accordingly.

3.5.6 For the purpose of this Clause 3.5, “**Purchase Date**” means any Business Date falling upon the period before each Vesting Date to be determined at the discretion of the Trustee after taking into consideration recommendations of the ~~Authorized Person~~Board.

Clause No. Clause after adopting the Award Scheme Amendments

- 3.6.1 Any Grant made herein shall be personal to the Selected Participant to whom it is made and shall not be assignable. No Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Referable Amount or the Restricted Shares pursuant to such Grant or the Unaccepted Shares, Additional Shares or any of the Unvested Shares under the Scheme. Any breach of the foregoing by a Selected Participant shall entitle the Company to cancel any Grant of Restricted Shares to such Selected Participant to the extent not already vested. The Stock Exchange may consider granting a waiver to allow a transfer of the Restricted Shares to a vehicle (such as trust or private company) for the benefit of the Selected Participant and any family members of such Selected Participant that would continue to meet purpose of this Scheme and comply with the requirements of the Listing Rules.
- 3.6.3 A Selected Participant shall have no rights in (a) any cash and non-cash income in respect of a Share; ~~and~~ (b) any cash remaining in the trust fund of the Trust in respect of a Share prior to vesting effected in Clause 3.4.2., and (c) voting, dividend, transfer and any other rights, including those arising on a liquidation of the Company, attaching to the Shares that have been granted and vested.
- 3.6.4 The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to Grant Shares, Unaccepted Shares, Additional Shares, Unvested Shares, any bonus Shares and scrip Shares) ~~regardless whether the Restricted Shares are existing Shares or new Shares issued in connection with the Grant.~~
- 3.7.2 No payment shall be made to the Trustee and no instructions to purchase Shares shall be given to the Trustee pursuant to this Clause 3.7.2 where any Director is in possession of ~~Inside information~~ Information in relation to the Company or where dealings by Directors are prohibited under all applicable laws, rules and regulations including without limitation the Listing Rules and/or SFO.
- 4.1 Where Shares, referable to a Selected Participant,
- (a) are not accepted by such Selected Participant within the stipulated time in accordance with Clause 3.3.1 and become Unaccepted Shares in accordance with Clause 3.3.4; or
- (b) do not vest in accordance with the relevant provisions herein and become Unvested Shares,
- the Trustee shall hold such Unaccepted or Unvested Shares and all income derived therefrom for the benefit of all or one or more of the ~~Participants~~ Selected Participants. The Trustee holding the Unaccepted or Unvested Shares shall abstain from voting on matters requiring Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such direction is given.

Clause No. Clause after adopting the Award Scheme Amendments

4.2 If any Unaccepted Shares or Unvested Shares have been granted, the ~~Authorised Person~~Board shall notify the Trustee of such Grant having been made accordingly.

5. **SCHEME LIMITS — RESTRICTED SHARES INVOLVING NEW SHARES**

~~5.1 No Shares shall be purchased pursuant to the Scheme, nor any amounts paid to the Trustee for the purpose of making such a purchase, if as a result of such purchase, the number of Shares administered under the Scheme shall exceed 10 per cent of the Company's issued share capital as at the Adoption Date (the "Scheme Limit").~~

~~5.2~~

5.1 The total number of new Shares which may be issued in respect of the Restricted Shares involving Shares which may be granted at any time under this Scheme together with options and awards involving new Shares which may be granted under any other share schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date or the New Approval Date (as the case may be) (the "Scheme Limit"). Restricted Shares lapsed in accordance with the terms of this Scheme will not be regarded as utilised for the purpose of calculating the Scheme Limit.

5.2 The Board shall not make any further Grant under the Scheme or any other schemes adopted by the Company which will result in the aggregate number of the Shares issued or to be issued by the Board for options or awards under all the share schemes of the Company involving new Shares under the Scheme Mandate exceeding 10% of the issued share capital of the Company as at the Adoption Date or the New Approval Date (as the case may be).

The Company may seek separate approval by its Shareholders in general meeting for making Grants beyond the Scheme Limit in compliance with rule 17.03C(3) of the Listing Rules provided the Grants in excess of the limit are made only to Selected Participants specifically identified by the Company before such approval is sought. In the event where such separate approval is sought by the Company, the Company must send a circular to the Shareholders containing the name of each specified Selected Participant who may be granted such Restricted Shares, the number and terms of the awards to be granted to each Selected Participant, and the purpose of the Grant with an explanation as to how the terms of the awards serve such purpose. The number and terms of the Grants to be made to such participant must be fixed before Shareholders' approval.

Clause No. Clause after adopting the Award Scheme Amendments

- 5.3 The Company may seek approval of its Shareholders in a general meeting of the Company to refresh the Scheme Limit and/or the Service Provider Sublimit under this Scheme on or after the third anniversary of the date of the Shareholders' approval for the last refreshment or the Adoption Date. The total number of Shares which may be issued upon exercise of all (1) the Restricted Shares under this Scheme involving new Shares and (2) the options and awards to be granted under any other schemes of the Company involving new Shares, as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the refreshment ("**New Approval Date**"). Any refreshments within any three year period must be approved by the independent Shareholders pursuant to Rule 17.03C(1)(b) of the Listing Rules.
- 5.4 Service Provider Sublimit — The maximum aggregate number of new Shares that may be issued pursuant to all Grants made under the Scheme together with all options and awards made under other share schemes of the Company involving new Shares to Service Provider Participants shall be subject to a limit of 1% of the Shares in issue as at the Adoption Date or the New Approval Date (as the case may be) (the "**Service Provider Sublimit**") within the Scheme Limit.
- 5.5 Individual Limit — Any Grant to an Eligible Participant would result in the new Shares issued and to be issued in respect of all options and awards granted to such Selected Participant involving issue of new Shares (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue (the "**Individual Limit**"), such grant must be separately approved by the Company's Shareholders in a general meeting of the Company with such Eligible Participant and the close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.
- 5.6 Any Grant of Restricted Shares to any of the Directors, chief executive of the Company or substantial shareholder, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is the proposed Selected Participant of this Scheme).

Clause No. Clause after adopting the Award Scheme Amendments

5.7 Where any Grant of Restricted Shares is made to an independent non- executive Director or a substantial shareholder, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted under this Scheme and other share schemes of the Company involving issue of new Shares to such person in the twelve (12)-month period up to and including the date of such Grant representing in aggregate over 0.1% of the Shares in issue, such grant of Restricted Shares must be approved by the Shareholders in a general meeting of the Company.

5.8 The Company must send a circular to the Shareholders. The circular must contain the information required under Rule 17.04(5) of the Listing Rules.

5.9 The Selected Participant, his associates and all the core connected persons of the Company must abstain from voting in favour of the proposed Grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting of the Company pursuant to Rule 17.04(4) of the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.

5.10 Any vote taken at the general meeting of the Company to approve the Grant of such Restricted Shares must be taken on a poll and comply with the requirements under the Listing Rules.

5.11 No account shall be taken into the calculation of the Scheme Limit of any Shares where the right to acquire such Shares has been released or lapsed in accordance with the relevant provisions herein.

~~5.3 The maximum number of Restricted Shares which may be granted to a Selected Participant at any one time or in aggregate may not exceed 1 per cent of the issued share capital of the Company as at the Adoption Date.~~

6. WITHHOLDING

6.1 The ~~Company or any Subsidiary~~Group shall be entitled to withhold, and any Selected Participant shall be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Restricted Shares.

Clause No. Clause after adopting the Award Scheme Amendments

- 6.2 The ~~Authorized Person~~Board may establish appropriate procedures to provide for any such payment so as to ensure that the ~~Company or any Subsidiary receive~~Group receives advice concerning the occurrence of any event which may create, or affect the timing or amount of, any obligation to pay or withhold any such taxes or social security contributions or which may make available to the ~~Company or such Subsidiary~~Group any tax deduction resulting from the occurrence of such event.
- 6.3 The ~~Company or any Subsidiary~~Group may, by notice to the Selected Participant and subject to any rules as the ~~Authorized Person~~Board may adopt, require that the Selected Participant pay at the time of the Grant an amount estimated by the ~~Company or any Subsidiary~~Group to cover all or a portion of the tax and/or social security contributions attributable to or payable in connection with the Grant.
- 8.1.1 The Scheme may be amended in any respect by ~~the Authorized Person or the Board~~ by a ~~board~~ resolution of the Board provided that:
- (a) any alterations to the terms and conditions of this Scheme which are of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the Shareholders in a general meeting of the Company;
 - (b) any change to the terms of Restricted Shares granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Restricted Shares was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) (except any changes which take effect automatically under the terms of this Scheme);
 - (c) any change to the authority of the Directors or the administrator of this Scheme to alter the terms of this Scheme must be approved by the Shareholders in a general meeting of the Company;
 - (d) the amended terms of this Scheme or the Restricted Shares shall remain in compliance with Chapter 17 of the Listing Rules as amended from time to time; and

Clause No. Clause after adopting the Award Scheme Amendments

- (c) ~~no such amendment~~alteration shall operate to affect adversely ~~any rights of any Selected Participant thereunder which accrued~~the terms of issue of any Restricted Shares granted or agreed to be granted prior to such ~~amendment becoming effective and provided that no such amendment or alteration to the Scheme which affects the Trustee's rights and obligations under this Trust Deed shall be made without the prior written~~alteration except with the consent or sanction of such majority of the Trustee (save~~Selected Participants as may~~would be required ~~to comply with~~of the applicable laws, rules or regulations including amongst ~~others~~Shareholders under the Listing Rules and/or memorandum of association of the SFO). In Company and the event that any right of any Selected Participant ~~thereunder is adversely affected by any amendment to~~Articles being for a variation of the Scheme,~~rights attached to the following conditions must be fulfilled:~~Shares.
- (a) ~~the consent in writing of Selected Participants is required to be obtained amounting to three fourths in nominal value of all Shares so held by the Trustee on that date; or~~
- (b) ~~the sanction of a special resolution passed at a meeting of the Selected Participants is required to approve such amendments.~~

8.1.2 ~~For any such meeting of Selected Participants referred to in Paragraph 8.1.1 all the provisions of the Articles in relation to general meetings of the Company shall apply and the following shall apply to such general meetings:~~

- (a) ~~not less than 7 days' notice of such meeting shall be given;~~
- (b) ~~a quorum at any such meeting shall be two Selected Participants present in person or by proxy;~~
- (c) ~~every Selected Participants present in person or by proxy at any of such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Awarded Share proposed to be awarded to him and held by the Trustee (but for the avoidance of doubt, excluding for this purpose any Shares representing the Related Income);~~
- (d) ~~any Selected Participant present in person or by proxy may demand a poll; and~~
- (e) ~~if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than 7 or more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Selected Participants who are then present in person or by proxy shall form a quorum and at least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Selected Participants who are then present in person or by proxy shall form a quorum.~~

Clause No. Clause after adopting the Award Scheme Amendments

~~8.1.3~~ 8.1.2 The Company shall notify the Trustee in writing as soon as practicable after such amendment or alteration is made to the Scheme by the ~~Authorized Person~~ Board and/or Trustee.

8.1.4₃ The amended terms of the Scheme shall comply with applicable laws, rules and regulations including but not limited to the Listing Rules and/or the SFO.

8.1.5₄ Written notice of any amendment to this Scheme shall be given to all Selected Participants.

8.2 Termination

8.2.1 The Scheme shall commence on the Adoption Date and shall terminate (a) upon expiry of the period of 10 years from the Adoption Date; (b) on the date of any change in control as set out in Clause 3.4.4(a); or (c) on the date ~~determined/resolved by the Board to terminate the Scheme pursuant to this Scheme Rules by board resolutions~~ approved by the Shareholders; whichever is sooner (collectively “**Scheme Period**”). Any termination of the Scheme shall be without prejudice to the subsisting rights of any Selected Participant(s);

8.2.2 Upon termination (whether due to early termination or upon expiry of the Scheme Period), no further Restricted Shares shall be granted but in all other respects, the provisions of the Scheme shall remain in force to the extent necessary to give effect to the vesting of the Restricted Shares granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme and the Restricted Shares granted prior to such termination shall continue to be valid and vest in accordance with the Scheme. The Company shall promptly notify the Trustee in writing of such termination.

8.2.3 Unless the Scheme is renewed by the Company, upon receipt of the notification of termination from the Company in writing, the Trustee shall within 21 Business Days of receiving such notice of termination, or such longer time as the Trustee and the ~~Authorized Person~~ Board may agree from time to time, sell all Unaccepted Shares, Unvested Shares, Additional Shares and non-cash income remaining in the Trust, if any, and remit the proceeds of sale of the same together with any residual cash accrued in the Trust, net of all appropriate expenses in connection with such sale in accordance with the Trust Deed, to the Company’s designated account held with authorized institution(s) as defined in S.2 of the Banking Ordinance (Cap. ~~155~~ 155 of the Laws of Hong Kong) forthwith after the sale.

8.2.4 For the avoidance of doubt, the Trustee may not in any event transfer any Shares to the Company upon termination of this Scheme.

Clause No. Clause after adopting the Award Scheme Amendments

9.2 This Scheme shall not form part of any contract of employment or contract for service (as the case may be) between the ~~Company or any Subsidiary Group~~ and any Selected Participant, and the rights and obligations of any Selected Participant under the terms of his or her office or employment shall not be affected by his or her participation in this Scheme or any right which he or she may have to participate in it and this Scheme shall afford such Selected Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

9.5 Any notice or other communication served by post:

(i) by the Company or the Trustee shall be deemed to have been served 24 hours after the same was put in the post; and

(ii) ~~by a Participant~~ or Selected Participant, shall not be deemed to have been received until the same shall have been received by the Company.

9.6 The Company shall not be responsible for any failure by any Selected Participant to obtain any consent or approval required for such Selected Participant to participate in this Scheme or for any tax, duty, expenses, fees or any other liability to which he/she may become subject as a result of his or her participation in this Scheme.

11 Award letter and notification of Grant

11.1 The Company shall issue a letter to each Selected Participant in such form as the Board, the Remuneration Committee, or person(s) to which the Board has delegated its authority may from time to time determine, specifying the date of Grant, the number of Restricted Shares to be granted, the vesting criteria and conditions (including but not limited to performance targets (if any)), the purchase price of Restricted Shares (if any) and the vesting date and such other details as they may consider necessary (an "Award Letter").

11.2 As soon as practicable after the Grant of any Restricted Shares to a Selected Participant, the Company shall notify the Trustee of:

(a) the name of each such Selected Participant to whom such a Grant has been made;

(b) the number of Restricted Shares to which each such Grant relates;

(c) no acceptance price of the Restricted Shares will be payable on the acceptance of such a Grant;

(d) the purchase price of the Restricted Shares (if any), which shall be determined by the Board, based on considerations such as the prevailing closing price of the Shares, the purpose of the Grant and the characteristics and profile of the Selected Participant; and

Clause No. Clause after adopting the Award Scheme Amendments

(e) the relevant Vesting Date.

12 Reorganisation of Capital Structure

12.1 In the event of any alteration in the capital structure of the Company, such as capitalisation issue, rights issue, consolidation, sub-division and reduction of the share capital of the Company, the Board may make equitable adjustments that it considers appropriate, at its sole discretion, including:

12.1.1 make arrangements for the grant of substitute Restricted Shares of equivalent fair value to an award in the purchasing or surviving company;

12.1.2 reach such accommodation with the Selected Participant as it considers appropriate, including the payment of cash compensation to the Selected Participant equivalent to the fair value to a Restricted Share to the extent not vested;

12.1.3 waive any conditions to vesting of a Restricted Share to the extent not already vested; or

12.1.4 permit the continuation of a Restricted Share in accordance with its original terms.

For the avoidance of doubt, the issue of securities by the Company as consideration in a transaction may not be regarded as a circumstance requiring such equitable adjustments.

12.2 Any equitable adjustments required under Clause 12.1 above must give the Selected Participant the same proportion of the equity capital, rounded to the nearest whole share, as that to which that Selected Participant was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value (if any). In respect of any such equitable adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements set out in this section.

12.3 If the Company conducts a share consolidation or subdivision after the Scheme Limit and/or the Service Provider Sublimit have been approved in general meeting, the maximum number of Shares that may be issued in respect of all relevant options and/or awards to be granted under the relevant schemes of the Company under the Scheme Limit and/or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

Clause No. Clause after adopting the Award Scheme Amendments

13 Cancellation

13.1 Subject to this Scheme and Chapter 17 of the Listing Rules, any Restricted Share granted but not vested may not be cancelled except:

13.1.1 the Company or its appointees pay to the Selected Participant an amount equal to the fair value of the Restricted Share at the date of the cancellation as determined by the Board, after consultation with an independent financial adviser appointed by the Board;

13.1.2 the Company or its appointees provides to the Selected Participant a replacement share option or award of equivalent value to the Restricted Share to be cancelled; or

13.1.3 the Board makes any arrangement as the Selected Participant may agree in order to compensate him/her for the cancellation of the Restricted Share.

13.2 Where the Company cancels any Restricted Share granted to a Selected Participant but not vested and makes a new grant of Restricted Share(s) granted to the same Grantee, the issue of such new Restricted Share(s) grant may only be made with available Scheme Limit (and Service Provider Sublimit, where applicable) approved by the Shareholders pursuant to Clause 5 above. The Restricted Shares cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (and the Service Provider Sublimit, where applicable).



**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the an extraordinary general meeting (the “**EGM**”) of Sany Heavy Equipment International Holdings Company Limited (the “**Company**”) will be held at Conference Room 103, Research and Development Building, Sany Heavy Equipment Co., Ltd., No. 25, 16 Kaifa Road, Shenyang Economic of Technological Development Zone, Shenyang, Liaoning Province, PRC at 10:00 a.m. on Friday, 11 August 2023 for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

1. “**THAT**

- (1) the new share option scheme of the Company (the “**2023 Share Option Scheme**”), as defined and summarised in Appendix I to the circular of the Company dated 25 July 2023 (the “**Circular**”) (the rules of which are contained in the document produced to the meeting marked “**A**” and initialled by the chairman of the meeting for identification purpose) be and is hereby approved and adopted; and
- (2) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme, including but without limitation:
 - (i) administering the 2023 Share Option Scheme under which options will be granted (whether with or without any conditions, restrictions or limitations as it may think fit) to Eligible Participants (as defined in the Circular) under the 2023 Share Option Scheme to exercise the options and subscribe for new shares in the capital of the Company (“**Shares**”), including but not limited to determining and granting the options in accordance with the terms of the 2023 Share Option Scheme;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) modifying, amending and/or altering the rules of the 2023 Share Option Scheme from time to time provided that such modification, amendment and/or alternation is effective in accordance with the provision of the 2023 Share Option Scheme relating to modification, amendment and/or alternation and the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”);
- (iii) granting options under the 2023 Share Option Scheme and allotting and issuing from time to time such number of Shares as may be required pursuant to the exercise of the options granted under the 2023 Share Option Scheme, subject to the applicable laws and regulations;
- (iv) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be allotted and issued pursuant to the options granted under the 2023 Share Option Scheme; and
- (v) consenting, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Option Scheme and subject to the applicable laws and regulations.”

2. “**THAT**

- (1) the proposed amendments (the “**Amendments**”) to the share award scheme adopted by the Company on 3 December 2019 as amended from time to time (the “**2019 Share Award Scheme**”), as defined and set out in Appendix II to the Circular are hereby approved and the amended and restated 2019 Share Award Scheme, a copy of which has been produced to the meeting and marked “**B**” and initialled by the chairman of the meeting for identification purpose, be and are hereby approved and adopted in substitution for, and to the exclusion of, the existing 2019 Share Award Scheme with immediate effect after the close of this meeting; and
- (2) the Directors be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Amendments and the amended 2019 Share Award Scheme, including but without limitation:
 - (i) administering the amended 2019 Share Award Scheme under which awards will be granted (whether with or without any conditions, restrictions or limitations as it may think fit) to Eligible Participants under the amended 2019 Share Award Scheme to subscribe for new Shares, including but not limited to determining and granting the awards in accordance with the terms of the amended 2019 Share Award Scheme;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) modifying, amending and/or altering the rules of the amended 2019 Share Award Scheme from time to time provided that such modification, amendment and/or alternation is effective in accordance with the provision of the amended 2019 Share Award Scheme relating to modification, amendment and/or alternation and the requirements of the Listing Rules;
- (iii) granting awards under the amended 2019 Share Award Scheme and allotting and issuing from time to time such number of Shares as may be required pursuant to the amended 2019 Share Award Scheme, subject to the applicable laws and regulations;
- (iv) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be allotted and issued pursuant to the awards granted under amended 2019 Share Award Scheme; and
- (v) consenting, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the amended 2019 Share Award Scheme and subject to the applicable laws and regulations.”

3. “**THAT**

- (1) the Scheme Mandate Limit (as defined in the Circular) on the total number of Shares that may be issued in respect of all options and awards to be granted to the eligible participants under all the share schemes of the Company (i.e. 10% of the Shares in issue as at the date of passing of this resolution) be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit;
- (2) conditional upon the 2023 Share Option Scheme and the Amendments being approved and adopted by way of the ordinary resolutions of the Company numbered 1 and 2 above and within the Scheme Mandate Limit, the limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted to the Service Providers (as defined in the Circular) under all the share schemes of the Company involving issue of new shares by the Company or its principal subsidiaries (collectively, the “**share schemes**”), being 1% of the Shares in issue as at the date of passing this resolution (the “**Service Provider Sublimit**”), be and is hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) the board of Directors be and is hereby authorised, subject to compliance with the Listing Rules, to grant share options and awards to the Service Providers under the share schemes up to the Service Provider Sublimit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such share options and awards.”

By order of the Board
Sany Heavy Equipment International Holdings Company Limited
Liang Zaizhong
Chairman

Hong Kong, 25 July 2023

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
Room 2010, 20th Floor, Landmark North
No. 39 of Lung Sum Avenue
Sheung Shui
N.T. Hong Kong

Notes:

- (1) A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
- (2) Where there are joint holders of any Share, any one of such joint holder may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (3) In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.
- (4) The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.
- (5) The register of members of the Company will be closed from Tuesday, 8 August 2023 to Friday, 11 August 2023 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 7 August 2023.
- (6) Pursuant to Rule 13.39(4) of the Listing Rules, voting on the ordinary resolution as set out above will be conducted by way of poll.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (7) The Chinese version of this notice is for reference only. Should there be any discrepancies, the English version shall prevail.

As at the date of this circular, the executive directors of the Company are Mr. Liang Zaizhong, Mr. Qi Jian and Mr. Fu Weizhong, the non-executive directors of the Company are Mr. Tang Xiuguo and Mr. Xiang Wenbo, and the independent non-executive directors of the Company are Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan.